

# An Agency of the State of Hawaii

Stadium Authority Meeting 99-500 Salt Lake Boulevard Honolulu, Hawaii 96818 July 31, 2008

Members Present

Kevin Chong Kee, Chairman

Kay Ahina

Marvin Fong

Kathryn Inouye

Marcia Klompus

Kenneth Marcus

Alan Tamayose

Members Absent

Alexander Kane, Jr.

Nelson Oyadomari

Staff

Scott Chan

Lois Manin

Andrew Chang

Stephen Lee Liane Nakagawa Shelly Shoji

Shawn Nagata

Engel Garcia

Alan Arato

#### Others

John Dellera, Deputy Attorney General

Randall Nishiyama, Deputy Attorney General

Russ Saito, DAGS Comptroller

Jim Donovan, UH Athletic Director

Roger Reeves, Centerplate

Davy Murayama, Centerplate

Sam Shenkus, Centerplate's Marketing Consultant

Neumann Shim, Swap Meet Vendors Association

Ashley Harding, Swap Meet Vendors Association

Jerry Garcia, Swap Meet Vendor

## I. CALL TO ORDER

A quorum being present, Chairman Kevin Chong Kee called the meeting to order at 10:10 a.m.

# II. APPROVAL OF MINUTES OF THE JUNE 26, 2008 PUBLIC MEETING AND EXECUTIVE SESSION.

Chairman Chong Kee corrected the minutes to show that Member Inouye was present at the meeting.

ON A MOTION BY MEMBER MARCUS TO ACCEPT THE MINUTES OF THE JUNE 26, 2008 PUBLIC MEETING, AND SECONDED BY MEMBER KLOMPUS, THE BOARD UNANIMOUSLY APPROVED THE MINUTES AS CORRECTED.

APPROVAL OF MINUTES OF THE EXECUTIVE SESSION ON JUNE 26, 2008.

ON A MOTION BY MEMBER MARCUS TO ACCEPT THE MINUTES OF THE JUNE 26, 2008 EXECUTIVE SESSION, AND SECONDED BY MEMBER KLOMPUS, THE BOARD UNANIMOUSLY APPROVED THE MINUTES.

# III. MONTHLY REPORT

# A. Chairman's Report

Chairman Chong Kee stated that he and Member Tamayose toured the Swap Meet with Swap Meet Manager Davy Murayama. It gave them an opportunity to get a clear view of the set-up and activities of the Swap Meet.

## B. Stadium Manager' Report

# Sales and Marketing Personnel

Introduced Alan Arato, the new Sales and Marketing Specialist, effective July 1, 2008. With Mr. Arato on board, Manager Chan is hopeful that he will bring some well-known acts to the stadium

## University of Hawaii (UH)

Stadium Manager noted some of the joint projects between UH and Aloha Stadium and thanked Mr. Donovan for these opportunities:

• UHAD Jim Donovan invited the entire Aloha Stadium staff to join his administrative and coaching staff at a workshop

entitled "Tongue-Fu." The subject related to communications and was in line with the philosophies that are shared by both the UH and Aloha Stadium.

- John McNamara (UH Marketing) is assisting the Stadium with the renewals of the advertising contracts until a permanent advertising agent is selected.
- Stadium Staff (for the first time) was invited to participate in the UH Football Operational Meeting for the upcoming football season.
- As a result of UH's renovation of the Les Murakami Stadium, we were given the opportunity to remove the seats and re-use them at Aloha Stadium for replacement of broken seats.

## Farmers Market

Met with Dean Okimoto, president of the Farmers Market to discuss the possibility of having a farmers' market at the Swap Meet.

# Pro Bowl (National Football League [NFL])

We spoke with the Pro Bowl Committee and are hopeful that a four-year contract will be finalized soon. We are also pleased to be involved (for the first time) with conversations between the NFL and Tourism Authority concerning the contract renewal.

#### Field Turf

We spoke to NFL about their possible involvement with the field turf situation, along with other major players, but we will wait until the official contract is signed.

#### Security Gate

Stadium installed a new security gate at the Gate 1 entrance, which will be in operation during non-event days, effective August 1, 2008. The purpose of this system is to eliminate unauthorized vehicles from entering the property and utilizing our trash bins; to prevent vehicles from taking short-cuts to enter the freeway; and to eliminate drivers' education courses, etc. We will also be working with the community concerning the closing of the overpass connected to Aloha Stadium (near Aiea Elementary), during specific times.

# Member Klompus inquired about the following:

• Security System - requested a briefing at the next meeting on the new security system. Mr. Chan stated it is a top-of-the-line system with six cameras and allows him and his staff access from their desks to a bird's-eye view of many areas of the stadium. Cameras are also located underneath the upper bridges. Member Klompus also inquired if the public would be notified. Mr. Chan said signs are being posted and the information will also be included in our PSA's. A detailed report will be provided to the Board at the August meeting.

Field Turf's condition for the UH football season. Stadium Manager stated the turf is tested annually by NFL and at the present time it meets all requirements. He also said there were some concerns from other clients that the turf might not be up to their own standards (ie. Soccer).

Stadium Lights (any danger with lights going out during the football games). Stadium Manager reported the lighting control box was recently replaced and should eliminate future problems. The stadium is also prepared with a back-up system. There are also flood lights for partial vision.

Manager's Evaluation/Strategic Plan – requested that Stadium Manager provide his annual evaluation to the Board, stating what has taken place at the stadium. Mr. Chan reported he has presented the Manager & Deputy Manager's Goals and Objectives covering the last year and a half and can review them with the Board. Member Klompus said she suggests that it be done at a public meeting. He also stated Comptroller Russ Saito requested a sample strategic plan from Member Ahina to assist in moving forward with the Stadium's plan.

#### C. Approval of Events

I-9 Sports Honolulu
 Flag Football Jamboree
 September 14, 2008 (Sunday)

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER AHINA TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

Minutes of Stadium Authority Meeting July 31, 2008 Page 5

> Mililani High School Graduation Ceremonies May 31, 2009 (Sunday)

> > A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER KLOMPUS TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

## D. UHAD Monthly Report

Mr. Donovan reported on several items:

• Season Ticket Sales

2007 Sales - 22,000

2008 Current Sales - 1,200 (over last year)

2008 Projected Total Sales - 25,000

Student Season Tickets

2007 Sales - 1,000

2008 Projected Sales - 1,500 – 1,700

Note: For student tickets, the marketing section worked out a promotion -- @ \$30, students will receive a season ticket and an Under Armour jersey valued at \$20.

## • Stadium Advertising Program -

UH agreed that their Marketing staff would assist the stadium in selling signage for an 11-month period, allowing another RFP to be sent out again.

They are also working with Peterson Signs on new signage spaces.

Mr. Donovan reported that Manager Chan strongly feels the UH should be compensated for their efforts and will continue their discussions on that matter; also noted that his main focus is for Aloha Stadium and UH to provide its customers with a great experience

Parking - there has been extensive media coverage, which was purposely done to inform the public of the changes in parking.
 Also, approximately 4,000 letters were mailed to UH customers.
 Mr. Donovan felt it was important to make the public aware far in

Minutes of Stadium Authority Meeting July 31, 2008 Page 6

advance of implementation of the new plan. Approximately 60% of the parking stalls have been sold.

- Training Together, the Stadium and UH are continuing their efforts to provide employees with the training necessary to provide good customer service. Mr. Donovan noted that he will be attending the Stadium employees' orientation and speak about customer service. He noted at UH they are concentrating heavily on customer service and will begin recognizing employees (ushers, line workers, managers, etc.) for doing things right and rewarding them with gift certificates as incentives to continue to do well. They are also planning to make those certificates available to Stadium Management to implement that program at Aloha Stadium.
- <u>Centerplate</u> Mr. Donovan complimented Centerplate for doing a
  great job in accommodating UH with its special catering needs in
  the Press Box; Koa Anuenue's first game function; entertainment
  on the concourse; and the new tailgating concept in the parking
  lot.

# E. Centerplate/Swap Meet Monthly Report

Swap Meet Manager Davy Murayama presented his monthly report and was open to any questions from the Board. He also noted, they were awaiting to hear the results of the Swap Meet Consultant's report.

### IV. <u>UNFINISHED BUSINESS</u>

## A. Aloha Stadium Advertising Contract

Member Marcus stated Deputy Attorney General John Dellera has made the necessary corrections to the revised Advertising Invitation For Bid (IFB). He also noted that prior to it being approved, there is one issue that the Board needs to discuss.

# John Dellera's Report

Mr. Dellera stated the Board must wait until the August meeting to vote on the revised IFB. The schedule was as follows:

September 5, 2008 - Advertising IFB
November 12, 2008 - Bid(s) Opening
December 22, 2008 - Issue Award
January 1, 2008 - Contract Start Date

#### Member Marcus stated:

- The original contract provided that new television sets be installed within two summers (half each summer) at a cost of \$150,000.
- The committee's observation with the revised IFB, is that there is sufficient time for the contractor to complete the installation by the first season.
- Stadium Manager is concerned that this is a change from the first offer and it may appear to benefit (or show favoritism) to a previous bidder who proposed to complete it within the first year.
- The committee does not view it as a concern and agrees there are significant benefits to having it done in a single summer.

#### Discussion:

- Member Ahina inquired, "Has the IFB gone through the Comptroller's office for review?"
- Chairman Chong Kee advised -- because it is an IFB and not an RFP, it will not be processed through the State Procurement Office.
- Ms. Ahina asked Mr. Marcus if he was confident that the Board was in compliance and will not experience a problem as they did with the previous IFB. Mr. Marcus confirmed it was in compliance.
- Chairman Chong Kee stated he was confident that the subcommittee covered everything that needed to be covered with the revised IFB.
- Member Klompus stated, from a public relations point of view, the televisions should be completed by the first summer.

- Member Fong inquired if exceptions were allowed with the revised IFB. Member Marcus said the law permits exceptions.
- Member Inouye stated she prefers the completion within the first year and that it would be unlikely that the Board would support a vendor that lacks the financial strength to complete a minimal scope of work.
- Stadium Manager stated his point was to seek more qualified bidders than what we previously received.
- Chairman Chong Kee stated he will add this to next month's agenda for a vote by the Board.
- Mr. Dellera stated the subcommittee's recommendation is to require installation of all the televisions in one year and he will revise the IFB to state those recommendations. The Board will then vote to accept or not accept the IFB at the next meeting.
- Member Marcus stated he does not want a delay in the IFB going out.
- Mr. Dellera confirmed that there would be enough time to get it out by September 5, 2008.
- Member Marcus suggested that a poll be taken to be sure that there will be a quorum at the next meeting.

# B. Swap Meet Consultant's Report

Deputy Manager Lois Manin conducted a power point presentation of an analysis made by Stadium Management of the Consultant Report Summary, June 2008. The following topics were discussed:

- Name Change
- Logo Change
- Create Slogan
- Marketing
- Operations
- Current & Suggested Reconfiguration
- Add Mondays
- Rules & Regulations
- Three-Strike Rule

- Elimination of Four-Stall Rule
- One Item Protection Rule
- Vendor Set-up
- Time Limitations
- Management & Authority Structure
- Vendors Association

#### Discussion

Member Inouye noted that one of the significant parts of the Consultant's recommendations (creating an entertainment center/special events location, the food court and activities like a farmer's market) was not covered in the presentation.

Board Members inquired: When the consultant speaks about replacing the 4-stall rule with a 3-stall one item protection rule, one of the negatives in losing the 4-stall, is vendor complaints of failing business and aiding other vendors with "deeper" pockets. How does it aid deeper pocket vendors.

Neuman Shim explained a vendor with deeper pockets can sell their products for less than the competing vendor and put him out of business. He said there needs to be a balance between competition and creativity.

Deputy Manin explained: With the 4-stall rule, vendors with multiple stalls, (i.e. a T-shirt vendor with 8 stalls) control the price of T-shirts - no one can sell T-shirts. If we take away the 4-stall rule, potentially it would hurt their business because they would no longer have control.

Chairman Chong Kee stated in his observations during the Sunday tour, every four stalls had the same T-shirts at the same prices. This may have been going on for years.

Deputy Manin stated the Consultant feels the elimination of the 4-stall rule is harsh; so, in place of that, he is suggesting a 3-stall rule with one (1) protected item exclusivity).

Neuman Shim stated if a vendor has been selling plumeria leis longer than the other vendor, he shouldn't be allowed to bring it in and sell it right across from you. It has to be monitored on a case-by-case basis. He also feels the new vendors should come in with more creativity; and the old vendors should be protected to a certain degree because they have sustained the swap meet for many years.

Roger Reeves said he understands the rules, but for the swap meet to grow you cannot run its business as proposed by Mr. Shim. He does not feel it is right to tell a vendor (who gets his products at a cheaper price) that he can't sell it at that cheaper price because the other vendor (who sells it for \$7 more) has been at the swap meet longer.

Member Marcus clarified that with the new radius of 3-stalls and one (1) item protected, no one gets hurt or is driven out and they have the flexibility of selling other products.

Member Klompus said it is a good report and suggested focusing on key items where action can be taken immediately and concentrate on small items later.

Member Tamayose clarified the 4-stall rule is only in Section D-row only.

Member Inouye addressed the following comments to the Board, Stadium Management, Centerplate, the Vendors and the Vendors Association:

"The reason we embarked on this route is because we have a business plan that is not working, which we all recognize. I know that the vendors want to protect certain aspects of their business (which she supports); but she is not for protecting those parts that continue to erode and advised Mr. Shim that he has to make that clear to his membership. There is clear erosion in the number of people that are coming because they don't like what they see – it's not competitive. And what we need to do is bring in more competition. We all have to realize that change is going to be very difficult and painful – but unless we change, we're not going to exist. Everyone needs to be open minded and move forward. There are some good things in the consultant's report, but we do want to get feed-back from all the stakeholders."

Mr. Shim said he supports the entertainment center. He doesn't feel opening up on Mondays would work – it is the worst day for retail (everyone is working). The vendors feel it should be opened on Friday evenings or on a Thursday, so that they have Wednesday and Thursday, or Friday and Saturday. He suggested possibly bringing in a "Hoolaulea" on Fridays. He noted the vendors want to make sure it is really thought out so it can become a bigger revenue source for everyone.

Ashley Harding made a clarification that the product category list that was given to Deputy Manin who passed it on the Consultant, is not the current list that is being used at the present time.

Mr. Murayama confirmed that the product list that is in the Board's packet is the product list from the previous Vendor's Association. The one that is currently being used is one that was modified—it is similar but not exactly the same.

Member Inouye asked, "Are we going with the modified list or with the old list?" Davy said that hasn't been determined. Board requested a current list.

#### Jim Donovan

Mr. Donovan said in looking at the swap meet from a customer's standpoint he does not feel it matters if you are a new vendor or a long-time vendor; what really matters to the customer is who gives him the better deal. He expressed that is why UH lowered the ticket prices -, because they are competing against other entertainment events.

He also noted the one important thing that was missing in the discussions was "marketing the Swap Meet." He suggested that with reference to the commissions that Manager Chan offered to pay UH for their efforts in handling the Stadium advertising, some of those funds could be used to promote the swap meet (even if it's for only one year) -- and in return, UH could look at getting relief from the Swap Meet on the 6-8 Saturday games. There is a lot of potential with that idea.

Mr. Shim stated in order to help UH, he sees no problem in closing during the Saturday games to accommodate their parking concerns and at the same time if the Swap Meet can have a Friday night or a Thursday (and it is well promoted) the marketing dollars could work for everyone.

Manager Chan stated he would prefer not to commit Friday nights due to the possible rescheduling of a UH game; high school football; and other major events. He believes Thursdays could be a possible consideration.

Mr. Shim suggested if the dates are open perhaps the Swap Meet could be allowed to pick and choose certain days for special events. Manager Chan said that could definitely work, keeping in mind that we will discuss what is best for both groups and no decisions will be made until it is comfortable for everyone involved. Mr. Chan said he is pleased with Mr. Donovan's offer to use the money to promote the Swap Meet, because this has been one of the issues that concerned the vendors. With this in mind, we are contributing two things, 1) – additional days in exchange for the 7-8 game days, and, 2) you are also getting advertising..

Jerry Garcia (Vendor #1076) sells pro and collegiate sports products in the F-row. He stated he has a very successful business and his busiest day is on Wednesdays. He spoke to his neighboring vendors about the F-row being considered for elimination and they are all willing talk to the Board to express the importance of keeping the F-row open. As a vendor they are concerned about changes being made to the Swap Meet and its marketing efforts. The communication between the Stadium Authority, Centerplate and the Vendors is very weak at best. He came today to offer his support and let the Board know that there is going to be more involvement on his part. It's the only place in town where you have 3,000 people in one day that have money in their pockets and are willing to shop. If you have the right product, the right approach and the right customer service, you will succeed at the Swap Meet. He said he is fortunately that his products are unique, and wherever he goes it doesn't really matter.

Board Members expressed their concerns of a very serious safety issue involving vehicles and trucks driving through the paths of customers, people with baby carriages, etc. They also stressed the importance that once the trucks have unloaded their merchandise, they must not be allowed to remain by their stalls. Mr. Garcia mentioned part of the reason for the traffic is because the lottery ends at 9:00 which reflects late unloading and set-ups

Mr. Shim offered a few suggestions of ways to eliminate congestion and assist the vendors with parking stalls to allow for the unloading in Sections C-D.

Member Inouye stated there might have to be a compromise as to when vendors have to set up and what time the Swap Meet opens.

Mr. Reeves reported there has been two occasions where a vendor's child was close to being run over. He stated it is important that the trucks unload and leave. Deputy Manin said they refuse to leave and it is not fair to the other vendors who follow the rules.

Member Inouye suggested that a workshop be scheduled and that an agenda be prepared by prioritizing the things that need to be discussed (i.e. stall rules, vendor hours, etc.

Deputy Manin and Mr. Donovan addressed the issue of the Swap Meet closing on the seven UH Football Game days. He asked the Board if some action could be taken to allow the vendors to test out the opening of Thursdays. Due to the closeness of the season, he emphasized there is not much time to get the word out prior to the first game. It should be tied in with some sort of advertising.

Stadium Manager said this matter will also have to be discussed with Mr. Dellera and Ms. Nakagawa, Fiscal Officer.

Member Inouye asked if this matter could be handled between Centeplate, Stadium Management and the Vendors Association. Mr. Dellera said it does not require a vote by the Board.

Member Klompus inquired, and was under the impression that the current situation was working okay. Manager Chan said it works, but the challenge is trying to coordinate two overlapping events, increasing manpower in an effort to get the vehicles out safely, and accommodating the other client coming into the stadium. It makes for a really tough day.

Mr. Donovan stated if this could be accomplished the public's response would be as positive as anything you have ever gotten from UH's customers.

Member\_Klompus said UH Football is the biggest event that we have in the Fall, and the Swap Meet is equally as important. She feels there is a way to work in harmony and allow our Stadium staff to be able to devote their full time on seven Saturdays out of the year and still be able to promote and make sure the Swap Meet is successful on another day for seven days of the year.

Chairman Chong Kee stated Stadium Management will work this out with Centerplate and the Vendors' Association.

Mr. Donovan offered UH's help in promoting the Swap Meet during the games.

Mr. Reeves asked when will the decision of changes to the Swap Meet be made. Member Inouye said it will be made after the workshop.

Mr. Dellera noted the Board needs six calendar days to post the meeting. He also stated the only item necessary on the agenda is: "For Reorganization of the Swap Meet."

The Board decided to have a public meeting on:

August 6, 2008 4:00 p.m. – 8:00 p.m. Aloha Stadium Hospitality Room Member Inouye suggested speakers be given a time limit of three minutes. She also requested an internal "formal" agenda of every topic to be discussed with a time limit for each. Chairman Chong Kee said he will prepare the agenda.

Mr. Shim requested a copy of the agenda and the ground rules for the meeting.

C. Stadium Repair Work – Update on the progress of the stadium repair project.

Comptroller Saito informed the Board of the funds that are available for the repair projects:

\$1.0 million approved for F/Y 07 \$4.4 million approved for F/Y 08 \$25.8 million approved for F/Y 09

He then gave the Board an update on the following items:

- Structural Recertification
- Roof Replacement
- East Stand; West Stand; North & South Stand Renovations
- Corrosion Survey
- Structural Upgrades
- Roof Deck Repairs

Comptroller noted that the last structural certification was done ten (10) years ago and due to considerable changes to the building codes, a recertification is needed. The draft of the structural analysis report is due next month and from that report a determination will be made on what kind of corrective action will be required.

They would like to start working on the roof replacement. The initial cost was estimated at approximately \$11.0 million total (that was @ 2005 dollars – it will now cost more). The anticipated bid opening date for the roof replacements (for the panels) will be in October or November. It's either out or about to go out for bid.

The design for the east stands are near completion.

Regarding corrosion mitigation, they are already doing the corrosion survey.

They are working with Stadium staff to determine the most urgent and best use of the available \$15.0 million and getting things done as effectively as possible.

Chairman inquired about the the public hearing on the Environmental Assessment. Comptroller stated there were two types of groups in attendance: 1) construction workers interest in jobs; and 2) residents concerned about safety issues and the noise factor. They also had some good suggestions about minor improvements around the stadium to increase parking spaces and places to store hazardous materials.

Member Inouye requested a copy of the Comptroller's report showing the repair costs, etc.

#### V. NEW BUSINESS

A. Stadium Manager and Deputy Manager Salary Increase as per the recommendations for the 2006 Salary Commission.

Chairman Chong Kee said he distributed to the Board a letter from Chief of Staff, Barry Fukunaga regarding the salary adjustments for the executive appointees. He also attached a chart stating the Stadium Manager's current salary is \$85,534.92; and his new salary cap @ \$94,795.92 per year. Also the Deputy Manager's current salary is \$72,704.68; and her new cap will be \$80,575.92 per year.

Chairman stated the Board's concern these past years has been to increase the pay scale of the Stadium Manager and Deputy Manager and that this is the step in that direction. He opened it up for discussion and said if they approve, he will have to send a memo to the Comptroller in order to enact the salary increases.

A MOTION WAS MADE BY MEMBER INOUYE AND SECONDED BY MEMBER AHINA TO APPROVE THE SALARY INCREASES AT THE MAXIMUM RATES AS PRESENTED TO THE BOARD.

#### Discussion

Member Inouye stated in line with the motion, she does feel an annual evaluation must be completed.

Mr. Donovan said he doesn't feel the governor gets paid enough, among others. He also pointed out that two of his Associate Athletic Directors have a much higher salary than the Stadium Manager and they are in the same ballpark as Mr. Chan with regard to responsibilities. Also, if you look at

other stadium manager salaries on the mainland (i.e. Dodger Stadium) their salaries are about 2-1/2 times the Stadium Manager's salary.

# THE MOTION WAS UNANIMOUSLY APPROVED.

B. Stadium Authority Chairperson - Discussion on Stadium Authority Chairperson and Vice-Chairperson.

A MOTON WAS MADE BY MEMBER INOUYE AND SECONDED BY MEMBER KLOMPUS TO KEEP THE SAME SLATE OF OFFICERS FOR THE NEXT TWO YEARS: CHAIRMAN CHONG KEE, CHAIRMAN AND MEMBER MARCUS, VICE CHAIRMAN. THE MOTION CARRIED UNANIMOUSLY.

- VI. NEXT MEETING August 28, 2008
- VII. ADJOURNMENT

Meeting was adjourned at 1:15 p.m.

KÉVIN CHONG KEE

Chairman

Recorded by:

Diana Ho

Approval Date:

August 28, 2008